



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WHITLEY COUNTY SHERIFF**

Calendar Year 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

WHITLEY COUNTY ANCIL CARTER, SHERIFF CALENDAR YEAR 1999

We have audited the Sheriff's financial statement for calendar year 1999. Our report indicated the Sheriff had operating revenue of \$554,316, which included \$41,736 for State Advancement. The Sheriff had operating disbursements of \$487,497 including repayment of the State Advancement, which resulted in excess fees due the fiscal court of \$6,304. The Sheriff has paid the above excess fee obligation to the Whitley County Fiscal Court and the balance due at completion of our audit is \$0.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Michael L. Patrick, Whitley County Judge/Executive
Honorable Ancil Carter, Whitley County Sheriff
Members of the Whitley County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Whitley County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statement is not intended to present results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Michael L. Patrick, Whitley County Judge/Executive
Honorable Ancil Carter, Whitley County Sheriff
Members of the Whitley County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated February 9, 2001, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
February 9, 2001

WHITLEY COUNTY
 ANCIL CARTER, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

Federal Grants		\$	1,000
State Grants			15,695
State Fees For Services:			
Finance and Administration Cabinet	\$	13,813	
Election Commissioner		<u>800</u>	14,613
Circuit Court Clerk:			
Sheriff Security Service	\$	32,184	
Fines and Fees Collected		<u>2,836</u>	35,020
Fiscal Court			5,154
County Clerk - Delinquent Taxes			19,377
Commission On Taxes Collected			287,752
Fees Collected For Services:			
Auto Inspections	\$	10,611	
Accident and Police Reports		142	
Serving Papers		21,546	
Carrying Concealed Deadly Weapon Permits		15,929	
School Security Services		<u>12,150</u>	60,378
Other:			
Transports	\$	6,001	
Sheriff's Fees		40,459	
Bank Share Commissions		8,016	
Miscellaneous		<u>6,072</u>	60,548
Interest Earned			13,043
Borrowed Money:			
State Advancement			<u>41,736</u>
Gross Receipts (Carried Forward)		\$	554,316

The accompanying notes are an integral part of the financial statement.

WHITLEY COUNTY
 ANCIL CARTER, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Gross Receipts (Brought Forward)		\$	554,316
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Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Gross Salaries	\$	158,538
Part-Time Gross Salaries		5,951
Other Gross Salaries		18,411
Overtime Gross Salaries		2,237

Employee Benefits-

KLEPF/Hazardous Duty Retirement		2,459
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Contracted Services-

Advertising		566
Serving Papers and Transporting		1,805

Materials and Supplies-

Office Materials and Supplies		23,423
Uniforms and Deputies' Supplies		26,784

Auto Expense-

Gasoline		16,801
Vehicle Maintenance and Repairs		18,173

Other Charges-

Carrying Concealed Deadly Weapon Permits		10,349
Dues		613
Telephone Service		532
Postage		8,885
Bond		919
Miscellaneous		5,146

Capital Outlay-

Office Equipment	\$	8,795	
Vehicles		107,843	
Radar and Cameras		25,911	
Guns		<u>1,620</u>	144,169

The accompanying notes are an integral part of the financial statement.

WHITLEY COUNTY
 ANCIL CARTER, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Debt Service:

State Advancement	\$ 41,736	
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Total Disbursements		\$ 487,497
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Net Receipts		\$ 66,819
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Less: Statutory Maximum	\$ 59,828	
Training Incentive Pay	687	60,515

Excess Fees Due County for Calendar Year 1999		\$ 6,304
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Payment to County Treasurer - February 9, 2001		6,304
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Balance Due at Completion of Audit		\$ 0
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The accompanying notes are an integral part of the financial statement.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting certain revenues and certain expenditures are recognized as a result of accrual.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employee's Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 8.22 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff's office maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bonds which named the Sheriff as beneficiary/obligee on the bonds.

Note 4. Drug Account

During calendar year 1999, the Sheriff maintained a drug and alcohol fund. This fund was set up in October of 1999. Receipts for the 1999 year totaled \$3,007 and disbursements totaled \$167, resulting in a balance at December 31, 1999, of \$2,840. This fund is not to be included in excess fees due to its intended purpose.

Note 5. Related Party Transactions

The Sheriff paid \$1,825 to Carter Sign Company, Inc. during 1999, for painting the Sheriff's Department logos on the Sheriff's patrol vehicles. The Sheriff's brother owns Carter Sign Company, Inc. The county's code of ethics states, "... no county government officer or members of his immediate family shall have an interest in a business organization or engage in any business, transaction, or activity, which is in substantial conflict with the proper discharge of his duties in the public interest." It further defines "immediate family member" as spouse, child, or person claimed as dependent for tax purposes; therefore, the Sheriff is not in violation of the county's code of ethics.

Note 6. Former Sheriff H.D. Moses 1998 Excess Fees Due To The Fiscal Court

Former Sheriff H.D. Moses, through the settlement of bond money to the County, has paid \$12,103 on the 1998 excess fee amount of \$30,776. This results in the former Sheriff owing a remaining \$18,673 in CY 1998 excess fees.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

Honorable Michael L. Patrick, Whitley County Judge/Executive
Honorable Ancil Carter, Whitley County Sheriff
Members of the Whitley County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Whitley County Sheriff as of December 31, 1999, and have issued our report thereon dated February 9, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Whitley County Sheriff's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Whitley County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
February 9, 2001

